

# Iowa Department of Human Services

## Offer #401-HHS-005: Child Care

**Contact Information:** Wendy Rickman, [wrickma@dhs.state.ia.us](mailto:wrickma@dhs.state.ia.us), (515) 281-5521

### **This offer includes the following appropriations:**

Child Care, Field Operations, General Administration

### **Program Description:**

Child Care Assistance (CCA) is an eligibility-based benefit in which a payment is made to an eligible child care provider selected by the parent. Child Care Assistance is provided to low-income families to improve family stability, self-sufficiency, and enable parents to be employed or in school. Child Care Assistance is an essential support for meeting the TANF work requirement. Funding also supports the agency's efforts to regulate child care providers so children are safe; supports quality improvement activities so that children are cared for in environments that support their developmental and early learning needs; and supports system planning and improvement.

### **Who:**

Families eligible for the program

- Child Care Assistance is provided for children whose parents are either low-income and are working or in school full-time (including families participating in PROMISE JOBS activities); are receiving protective child care; or are in foster care home settings.
- The State's Child Care Assistance program serves families whose incomes are below 145% of the Federal Poverty Level (FPL). For a family of 4, this is equivalent to 45% of the State Median Income (SMI). [Note: The State Median Income for a family of 4 in Iowa is \$5,914 a month.]
- To put eligibility in perspective, a family of 4 can earn up to \$2,665 in monthly *gross* wages (\$31,980 gross annual wages).
- Families over 100% of poverty are assessed a "co-pay" to contribute to the cost of their children's child care. A family with 2 children in care would be assessed \$7.40 a day for full-day care, which equals a monthly contribution of \$162.80 from their income.

### **In SFY 2010**

- An average of 23,660 children were served monthly in Child Care Assistance, including children living in families engaged in PROMISE JOBS activities or receiving Protective Child Care.
- An estimated 87% of all children receiving child care assistance did so because their parents were employed.
- An estimated 15% of the children receiving child care assistance resided with a family member receiving FIP.
- Of the children served by CCA in SFY 2010, 18.3% were infants and toddlers (two weeks to two years), 46.9% were pre-school age (2, 3 and 4 years old) and 34.8% were school age children (5 years and older).

- The number of children served has risen steadily over the years. An estimated 45 additional children a month are expected to be served in SFY 2011 and an additional 67 children per month in SFY 2012.

### **What:**

The Child Care program provides funding for:

- Child Care Assistance – determining families eligible and issuing payments to providers.
- Regulation of Child Care – issuing licenses and registrations, conducting and evaluating record checks, and monitoring providers.
- Quality Improvement Activities –increasing access to quality providers for families and supporting providers in being in compliance with regulations and improving their quality of care. Mandated activities include Iowa’s Quality Rating System (QRS) and the Child Care Resource and Referral (CCR&R) agencies.

The Legislature also directs the Department to transfer TANF funds to the following child care related activities in SFY 2011:

- Child Care Assistance (\$16,182,687).
- Early Childhood Iowa (ECI) Early Childhood Fund – a formula based distribution to ECI areas to increase access to and improve the quality of child care settings for children birth-to-five (\$6,350,000).
- Training opportunities specifically to registered child development home providers – funding is distributed to the Child Care Resource and Referral Agencies to support the delivery of a 24 hour series known as “ChildNet” (\$200,000).

### **How:**

#### **Providers Served**

- The Department regulates and supports 1,500 licensed child care centers and 5,400 registered child care development homes.
- The Department also processes payments for 4,500 legally operating, non-registered providers who received payment under the CCA program.

#### **Service Delivery**

##### **Child Care Assistance**

- One centralized unit handles all child care processing, providing the necessary environment for streamlining and standardization. Income maintenance staff for the centralized service unit determine child care assistance eligibility for families. Registration staff process child development home registrations and develop provider agreements. Payment staff review provider billings and authorize provider payments for the child care assistance program. Remittance of payment is made within 10 days of receiving an accurate bill.

##### **Regulation of Child Care**

- DHS has 11 licensing consultants in local DHS offices across the state and one supervisor to conduct pre-regulation efforts, licensing, complaint investigations and any ongoing monitoring and consultation to the 1,500 child care centers. The current DHS ratio for licensed centers is 136 centers for each DHS licensing consultant. According to the National Association of Regulatory Administration (NARA), the ratio of staff equivalents to regulated settings should be between 50 – 75:1 to be effective in monitoring compliance.

- DHS local offices are responsible for conducting monitoring visits (“spot-checks”) for registered child development homes and responding to complaints for both registered child development homes and non-registered homes. Currently, DHS attempts to conduct inspections of 40% of the 5,400 child development homes, a number established by legislation and set to increase in 20% increments until 100% monitoring is accomplished by SFY 2014.
- The centralized child care assistance unit conducts state record checks and evaluations for all persons in contact with children in the 5,400 child development homes and in the 4,500 legally operating, non-registered providers receiving CCA. The centralized unit is responsible for evaluating criminal and abuse histories to determine if the person can operate a child development home or be a non-registered provider for CCA reimbursement.
- One DHS staff person is responsible for conducting state child abuse and criminal record checks for staff and volunteers in licensed child care centers. Approximately 23,000 record checks were conducted annually when DHS was responsible for doing all the state checks prior to June 1, 2010. As of this date, centers have the option of either conducting the record check themselves through the Single Contact Repository (known as SING), or going through DHS to conduct the check. Many centers have already opened SING accounts so the volume of checks being conducted directly by DHS will decrease. The DHS child care licensing supervisor and two others are responsible for evaluating positive reports to determine if the person may be employed by or volunteer in a licensed child care center.

### **Quality Improvement**

Significant activities to support access to and availability of quality child care settings, funded with Federal child care funds, include contracting for:

- Child Care Resource and Referral (CCR&R): Five regional agencies deliver statewide parent referral services, on-site consultation and training for child care providers, and data/assessment services for community planning.
- Quality Rating System: Technical assistance for providers, training, environment assessments, achievement bonuses for participating providers, and administration by DHS.
- Wraparound Child Care contracts: Increasing continuity of services and expanding the state’s Shared Visions preschool program, Head Start, Early Head Start, Title I preschool, and Early Childhood Special Education programs to full-day, full-year opportunities to over 1,500 children.
- Early Childhood Iowa Early Childhood Funds: Community-based efforts to expand the capacity and quality of child care settings for children from birth to age five.
- Healthy Child Care Iowa – DHS contracts with the Department of Public Health to improve the health and safety of child care settings.
- DHS has a host of contracts with community-based agencies to provide scholarship support to providers seeking post-secondary education, to assist providers in maintaining sustainable child care businesses, training and consultation for providers serving infants and toddlers, and supports to providers serving children before and after school.

### **Service Support**

#### **Administration/System Improvement**

- Oversight and leadership: strategic management and monitoring of programs and accountability for the achievement of results.
- Program support: DHS staff are responsible for developing and maintaining the administrative rules and employees’ manual for the child care program to ensure compliance with all relevant State and Federal laws and regulations. DHS also responds to exceptions to policy.

- **Federal Compliance:** DHS staff complete and monitor the child care state plan and amendments, program reporting required to claim Federal funding, and preparation for periodic Federal program reviews.
- **Child Care Management Information System (CCMIS):** DHS maintains a child care information system, known as KinderTrack that issues payments and sustains Federal claiming; allows families and providers to apply for services on-line; and provides child care related data for field staff, policy makers, Federal reporting, and the general public. KinderTrack is fully operational statewide. All regulatory and child care assistance information is managed from this centralized system. Work continues to fully integrate regulatory features for use by the public and the Department staff. Child care providers are able to bill for child care assistance payments online. The Child Care Provider Training Registry, a companion of KinderTrack, allows providers to view, register for, and keep a record of all completed training online as part of their requirements for registration and licensure. The public is able to search for child care online and view program details of selected providers.
- **Contract Management:** DHS procures services, maintains and monitors contracts with community-based and state agencies/organizations for consultation, provider support services, professional development activities for providers, supports for parents seeking care, etc.
- **Payment:** DHS issues payments on behalf of families to providers and issues vendor payments.
- **Council Support:** DHS provides support to the State Child Care Advisory Council (SCCAC). [Note: The SCCAC becomes a “committee” under the structure of Early Childhood Iowa beginning July 1, 2011.]

### **American Recovery and Reinvestment Act Impact**

In February 2009, Iowa was allocated \$18.1M in ARRA funds for use in child care. \$15.74M is considered discretionary funds with no state match required and \$2.36M is targeted to support access to infant/toddler care and to improve the quality of child care. These funds must be expended by September 30, 2011.

The Department was directed by the legislature to allocate the \$2.36M through the Community Empowerment Area (CEA) boards to establish local programs providing sliding scale subsidies for the following children and families:

- Gross household income is more than 145% and less than 185% of the U.S. Poverty Guidelines
- The child or children may be up to 24 months of age
- The family is employed, in school or recently unemployed and needs child care while seeking employment.

In addition, the providers for these local programs must be accredited by the National Association for the Education of Young Children or the National Association for Family Child Care, or have a rating at level 3 or higher under the child care quality rating system.

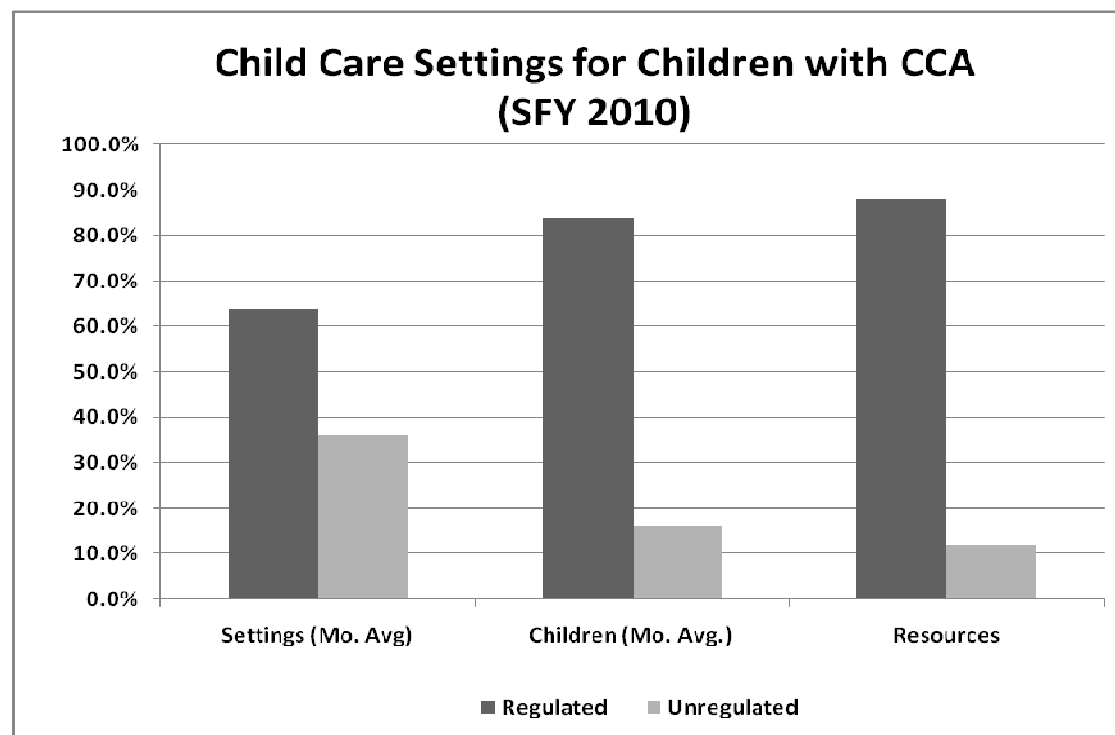
In SFY 2011, \$15.7M of the \$18M in ARRA child care funds is expected to be used to sustain funding for the anticipated number of children served in the child care assistance program. This reduces the amount of TANF funds needed for child care, allowing the TANF funds to be used to offset reduced state funding in other areas.

## Results Achieved:

Result:	SFY 2010 Actual Level	SFY 2011 Projected Level	SF 2012 Offer Level
Increase in average number of children served monthly in Child Care Assistance	23,660	23,856	24,270
Increase the percentage of children served by CCA receiving care in regulated settings	84%	85%	86%
Maintain number of registered child development homes	5,400	5,400	5,400
Maintain the number of providers at Level 2 or higher in QRS to provide access to quality child care	1,149	1,200	1,200

### Child Care Assistance

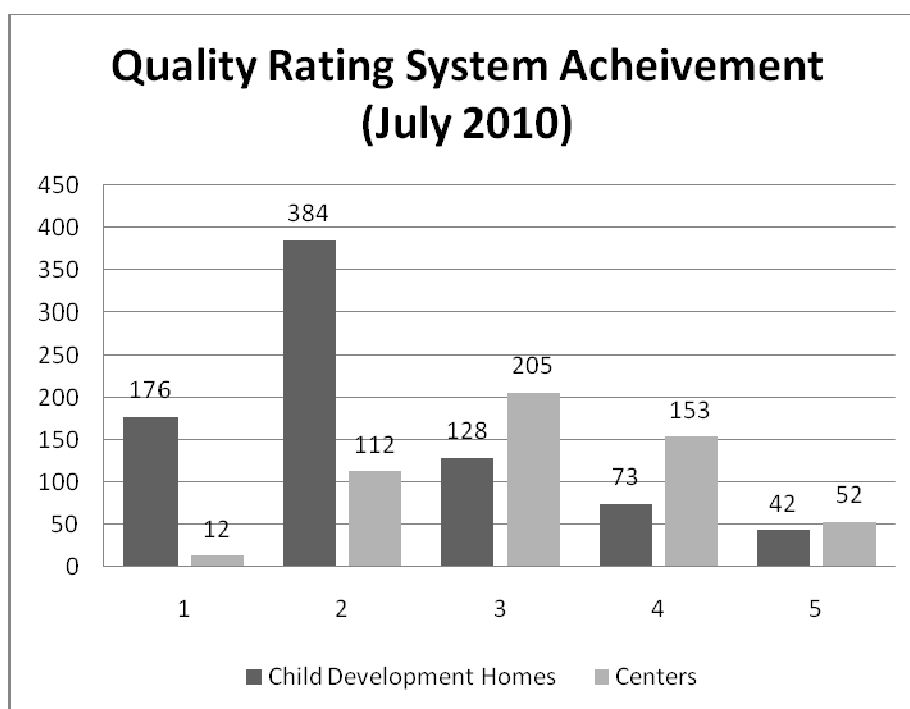
The chart below shows the settings where children who qualify for CCA receive care. Even though over 36% of the providers receiving CCA payment are unregulated, 84% of the children are in regulated care, and 88% of the expenditures went to regulated providers.



## Quality

Iowa's Quality Rating System - Implemented in February 2006, the QRS is a menu of key indicators used to assess the quality of child care. The QRS is a five-star rating system in which providers voluntarily choose to participate. A one-star program has maintained compliance with licensing and registration standards. A two-star program has achieved additional training and conducted self-assessments to prepare to move to the next levels of quality. Providers with 3-5 stars have received points in categories related to professional development, health and safety, environments, administration, and family and community partnerships.

- As of July 2010, over 1,300 providers are participating with the majority rated a two-star program. 30.2% of all child care centers and 14.6% of all child care homes voluntarily worked toward and received a QRS rating.
- In SFY 2010, 85.9% of participating child care providers achieved a QRS rating of 2 or higher.



Sustaining service delivery assumes the level of funding requested in the offer as well as full funding of salary adjustment. If funding is insufficient in either area, results to be achieved will be modified to reflect the impact.

To sustain existing services and growth in programs this offer assumes that status quo as well as all one-time funding such as the cash reserve fund, underground storage tank fund and government stabilization and stimulus dollars are fully replaced. If these dollars are not available in SFY 2012, there will be significant program reductions and negative impacts such as elimination of services, disenrollment of clients, and implementation of wait lists and the possible closure of facilities. If funding is insufficient, results to be achieved will be modified to reflect the impact. The lack of backfilling these one-time funds will also mean reductions in service delivery.

## **Impact of Proposed Budget on Results:**

### **Current Results:**

#### **Child Care Assistance**

- The CCA program will continue to serve an increasing number of children and families each month. Increases are anticipated due to Iowans experiencing a reduction in employment hours, resulting in incomes that make them eligible for assistance, displaced workers going back to school, etc.

<b>Monthly Average Caseload</b>	<b>SFY 2009</b>	<b>SFY 2010</b>	<b>SFY 2011</b>	<b>SFY 2012</b>
<b>Child Care Assistance</b>	19,958	20,483	20,724	21,159
<b>Protective Child Care</b>	1,134	1,094	1,049	1,049
<b>PROMISE JOBS Child Care</b>	1,887	2,083	2,083	2,062
<b>TOTAL</b>	22,979	23,660	23,856	24,270

#### **Regulation**

- To increase access for families to safe and higher quality providers, regulation of child care facilities needs to be maintained to support pre-regulation efforts, licensing and registration, and ongoing monitoring and consultation to child care centers and child development homes

#### **Quality**

- QRS: In SFY 2011, an estimated 1,200 providers are projected to need environment rating scale training, and 200 will receive environment rating scale assessments to enter the program or seek a new rating. It is estimated 800 participants will receive an achievement bonus for achieving a level 2 or higher.
- In SFY 2012, an estimated 1,200 providers are projected to need environment rating scale training, and 200 will receive environment rating scale assessments. However, as providers work on quality improvement activities, the percent of ratings of 2 or higher is anticipated to rise to 88%, increasing the amount of achievement bonuses.

## **Legal Requirements:**

#### **Federal:**

Requirements are found in the Code of Federal Regulations for the Child Care Development Fund.

#### **State:**

The Child Care Assistance program, and DHS regulatory responsibility and quality improvement directions are outlined in Iowa Code 237A. Funding to support Early Childhood Iowa Early Childhood Funds is also specified in Iowa Code Chapter 28 and the DHS appropriations bill.